

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: KARL KLEIN
DEPUTY ATTORNEY GENERAL

DATE: AUGUST 25, 2011

SUBJECT: IDAHO POWER'S APPLICATION FOR APPROVAL OF OER ENERGY
EFFICIENCY INCENTIVE AGREEMENT, CASE NO. IPC-E-11-16

On August 10, 2011, Idaho Power Company applied to the Commission under *Idaho Code* §§ 61-501, 61-502, and 61-503 for an Order approving the Company's July 21, 2011 Energy Efficiency Incentive Agreement with the Idaho Office of Energy Resources ("OER"). The Company attached a copy of the Agreement to the Application. The Company states the Agreement will facilitate the parties' ability to promote cost-effective energy efficiency measures in public schools. Application at 1-2. The Company asks the Commission to process the matter under Modified Procedure.

THE APPLICATION

Idaho Power and OER entered the Agreement effective July 21, 2011. *See* Application at 1. The parties acknowledge, however, that if "it is determined that [the] Agreement requires the express approval/acknowledgment of the Idaho Public Utilities Commission ("IPUC"), [the] Agreement shall not become finally effective until the" IPUC unconditionally approves it. Agreement, § 6.

By way of background, Idaho Power offers energy efficiency programs that involve incentive payments to customers. Application at 2. OER, on the other hand, currently implements a federally funded, K-12 Energy Efficiency Project for public schools. *Id.* at 2. OER has about \$9.6 million in federal funds available for the project over the next 12 months. *Id.* at 2; Agreement § 1.

The parties have entered the Agreement to enable Idaho Power to place its incentive payments for qualifying, OER-funded school projects into a dedicated fund for future use on

additional school projects identified by OER. Application at 2-3; Agreement §§ 2-4. The parties believe this arrangement will maximize the use of available dollars and allow OER's energy efficiency initiatives to benefit Idaho Power's public school customers when federal funds are no longer available. Application at 2; Agreement § 2.

Under the Agreement, OER will invest federal funds into energy efficiency projects for Idaho Power's public school customers. Application at 2. OER then will attempt to qualify the projects for Idaho Power's energy efficiency programs. *Id.*

Whenever an OER-funded project qualifies for an Idaho Power energy efficiency program, Idaho Power will deposit a corresponding energy efficiency incentive payment into a dedicated fund held by Idaho Power. Application at 3. The accumulating deposits will be limited to paying for additional energy efficiency measures for Idaho Power customers identified by the OER's K-12 Energy Efficiency Project. *Id.*

The parties intend that qualification for and payment of Idaho Power incentives under the Agreement, as well as the directed re-investment of incentive money into additional energy efficiency measures, will be "as close to identical as possible" to the qualifications for and payments from Idaho Power's other customer-related incentive and energy efficiency programs. *Id.*

The Agreement requires the parties to keep records so the parties and regulatory agencies will be able to audit the prudence of OER's initial investment, IPC's incentive payments, and OER's subsequent use and reinvestment of the incentive funds. Agreement § 5.

Idaho Power asks the Commission to handle this matter under Modified Procedure, RP 201 *et seq.*

STAFF RECOMMENDATION

Staff recommends that the case be processed through Modified Procedure, with comments due by September 20, 2011.

COMMISSION DECISION

Does the Commission wish to process this case through Modified Procedure, with comments due by September 20, 2011?



Karl Klein
Deputy Attorney General

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